




STATE OF WASHINGTON
DEPARTMENT OF SOCIAL AND HEALTH SERVICES
AGING AND DISABILITY SERVICES ADMINISTRATION
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May 1, 2009

TO: ADSA Staff and Stakeholders

FROM: Kathy Leitch, Assistant Secretary 
Aging and Disability Services Administration

SUBJECT: **FINAL 2009-11 BIENNIAL OPERATING BUDGET**

On April 26th, the Legislature approved the 2009-11 Biennial Operating Budget (ESHB 1244). It has been sent to the Governor for her signature. Detailed information about this budget can be found at <http://leap.leg.wa.gov/leap/budget/detail/proposals.asp>.

Highlights of the budget are listed below.

Maintenance level items in the budget for ADSA as a whole (both **Long-Term Care (LTC)** and **Division of Developmental Disabilities (DDD)**) include the items below.

- Mandatory caseload and workload adjustments.
- Costs associated with changes in costs and utilization rates.
- Lease and mileage rate adjustments.

Policy level items in the budget for ADSA as a whole (both **LTC** and **DDD**) include the items below. See further down for items specific to each division.

Additions, Reductions and Revenue Changes (all ADSA):

- An increase in the state's Federal Medicaid Assistance Percentage (FMAP) from the federal stimulus package, which will decrease General Fund-State obligations.
- Funding is provided to increase health care benefits for home care individual providers and home care agencies by three percent per year.
- Adult day health is eliminated for clients in residential settings. In-home clients may retain adult day health services, but transportation is eliminated.
- A reduction in funding for in-home care hours by an average of four percent.
- A reduction in funding because home care agencies will not be allowed to assign employees to perform work for most relatives (as required under SHB 2361).
- A reduction in payment rates for adult family homes and boarding homes of approximately four percent.

- The budget assumes the administration will achieve administrative savings of \$4.1 million in LTC and \$6.6 million in DDD (total funds).
- The budget assumes an increase in adult family home license fees, as authorized under E2SHB 1935. The annual license fee increases to \$100 per home, and there is a processing fee of \$800 when a home is initially licensed. The processing fee is applied toward license renewal in the subsequent three years and partially refunded after four years of operation.

HB 2284 and I-1029 Training (Additions and Reductions, All ADSA)

- Required federal background checks, continuing education, peer mentoring, and advanced training requirements are delayed beyond the 2009-11 biennium (HB 2359 and ESSB 6180).
- Increased required basic training is delayed by one year to January 1, 2011. (ESSB 6180) Funding for wages during training and tuition are included.
- Funding is provided for the development of the training infrastructure required under I-1029.
- Funding is provided for the state's contribution to the training trust (Training Partnership) pursuant to a collective bargaining agreement negotiated with the exclusive bargaining representative of individual providers.
- Funding is provided for parity to home care agency providers for the training requirements.

Additional policy level items in the budget specific only to LTC include:

Additions (LTC Only):

- Moving individuals with dementia from state hospitals to community long-term care settings.
- Funding is provided for placement of Department of Correction offenders released to an Extraordinary Medical Placement in the community.

Reductions & Revenue Changes (LTC Only):

- Savings achieved by expanding Roads to Community Living, to transition clients with complex needs from nursing homes to community-based settings with intensive supports.
- Reduction to the Area Agencies on Aging for the Senior Citizens Services Act (SCSA), cutting approximately 10 percent of SCSA administrative funds.
- Elimination of state fund support for the Senior Companion and Foster Grandparent programs.
- Savings achieved by utilizing long-term care surveyors instead of nurses where feasible for nursing home survey tasks.
- A nursing facility rate reduction of approximately 4.0 percent from the current rate.

Additional policy level items in the budget specific only to DDD include:

Additions (DDD Only):

- Funding is provided for home and community-based waiver services for 60 new clients with developmental disabilities who are: 1) Children who are at risk of institutionalization, in residential habilitation centers, or who are aging out of other state services; community-based waiver clients assessed as having an immediate need for increased services; 2) residents of RHCs who are able to be cared for and choose to live in community settings; 3) adult clients without residential services who are at immediate risk of needing institutional placement or in crisis; and 4) current home and community-based waiver program clients who have been assessed as having an immediate need for increased services.
- Funding for home and community-based waiver services for 32 individuals who are being diverted or discharged from state psychiatric hospitals; participants in the Dangerous Mentally Ill Offender program; participants in the Community Protection program; or mental health crisis diversion outplacements.

Reductions & Revenue Changes (DDD Only):

- Eligible clients currently receiving employment/day or residential services paid for solely with state funds will be moved to a waiver in order to obtain federal cost sharing.
- Supported living and group home rates are reduced by approximately three percent.
- A reduction in funding of employment and day programs by approximately three percent.
- Funding is reduced by approximately three percent for the Individual and Family Support program.
- Savings are assumed based on delay in implementation of the Children Intensive In-Home Behavioral Support (CIIBS) waiver.
- Savings are assumed by holding slots vacant as individuals transition out of residential settings (which will limit Core Waiver residential placements).
- Elimination of grants to counties for publications and family coalition support.
- Closure of swimming pools at Fircrest and Rainier Schools.
- Elimination of state-paid services to clients with developmental disabilities residing in the community who currently utilize professional services at the state's Residential Habilitation Centers.

Other items of interest elsewhere in the state budget of interest to ADSA staff and stakeholders include:

- The Office of Financial Management is provided funding for a study of the feasibility of closing state institutional facilities (prisons, juvenile rehabilitation, and DDD residential habilitation centers or RHCs), due by November 1, 2009. The report shall provide a recommendation and a plan to eliminate 250 funded RHC beds through closure or consolidation of facilities.
- The Joint Legislative Audit and Review Committee (JLARC) is required to do a review of the contracts and payment for DD county employment and day services by September 1, 2010, including recommendations for best practices for outcome-based contracting.

- The Senior Falls Prevention Program in the Department of Health is eliminated.
- Funding to the Developmental Disabilities Council for legal services for clients living in DSHS facilities as part of the community protection needs is eliminated.
- Funding for General Assistance-Unemployable medical expenditures is reduced and savings are assumed by moving GAU clients to managed care.
- Funding for Durable Medical Equipment (DME) is reduced, including elimination of coverage for bath support equipment, and new limitations on the quantity of some items such as incontinence and diabetic supplies, non-sterile gloves, and enteral nutrition.
- Funding is eliminated for premium co-payments for dual eligible clients enrolled in Medicare Part C Advantage plans. Funding was continued for Medicare Part D drug co-payments.
- Funding for dental services are reduced by rolling back some of the rate increases funding in 2007 and controlling utilization of services.
- Funding is provided for the continued implementation of ProviderOne, but no funding is provided for the Provider Compensation Subsystem of ProviderOne.
- The managed care rates paid to the Regional Support Networks are reduced by 3.4 percent below the higher rates that otherwise would have been paid in the 2009-11 biennium. The state-only funding provided to the RSNs is reduced by approximately 9 percent.
- Funding for Individual Provider registry sites, managed by the Home Care Quality Authority, is reduced. The reduction is expected to close 3 to 4 of the 14 current sites.
- The peer mentor program run by the Home Care Quality Authority is eliminated.
- Funding for employee health benefits is increased by three percent each year, less than projected inflation, which may require increased co-pays or premiums or changes in plan design.
- Section 4 of EHB 2242 establishing the Department of Commerce requires that a report be completed by November with recommendations on statutory changes to ensure that the department is organized around a concise core mission and aligned with the state's comprehensive plan for economic development. This report may be where the discussion occurs about whether the Long-Term Care Ombudsman Program, Developmental Disability Council, and Developmental Disability Endowment Fund will continue to be administered through the Department of Commerce.